

North Carolina legislature

April 21, 2010

Colman Keane, CPA

EPB

State of Tennessee, Fiscal Director 5 years
CAFR, Statewide Indirect Cost Allocation Plan

Public Accounting/ Private Industry, CFO 9 years
Merger/Acquisition, MAS, Business Start Ups, Financing

EPB (Electric Power Board of Chattanooga) 10 years
Financial Reporting, Budget, IT, FTTH Business Plan,
Project Mgt – FTTH Electrics

Who is EPB

1876

“The telephone has too many shortcomings...the device is inherently of no value to us.”

Western Union

1897

"Radio has no future."

Lord Kelvin, President, Royal Society

1899

“Everything that can be invented has
already been invented.”

Director, U.S. Patent Office

1927

“Who the hell wants to hear actors talk?”

H.M. Warner, Warner Brothers

1943

“I think there is a world market for maybe
five computers.”

Thomas Watson, Chairman IBM

1977

“There is no reason anyone would want a computer in their home.”

Ken Olsen, Founder and Chairman DEC
(Digital Equipment Corporation, now part
of Compaq)

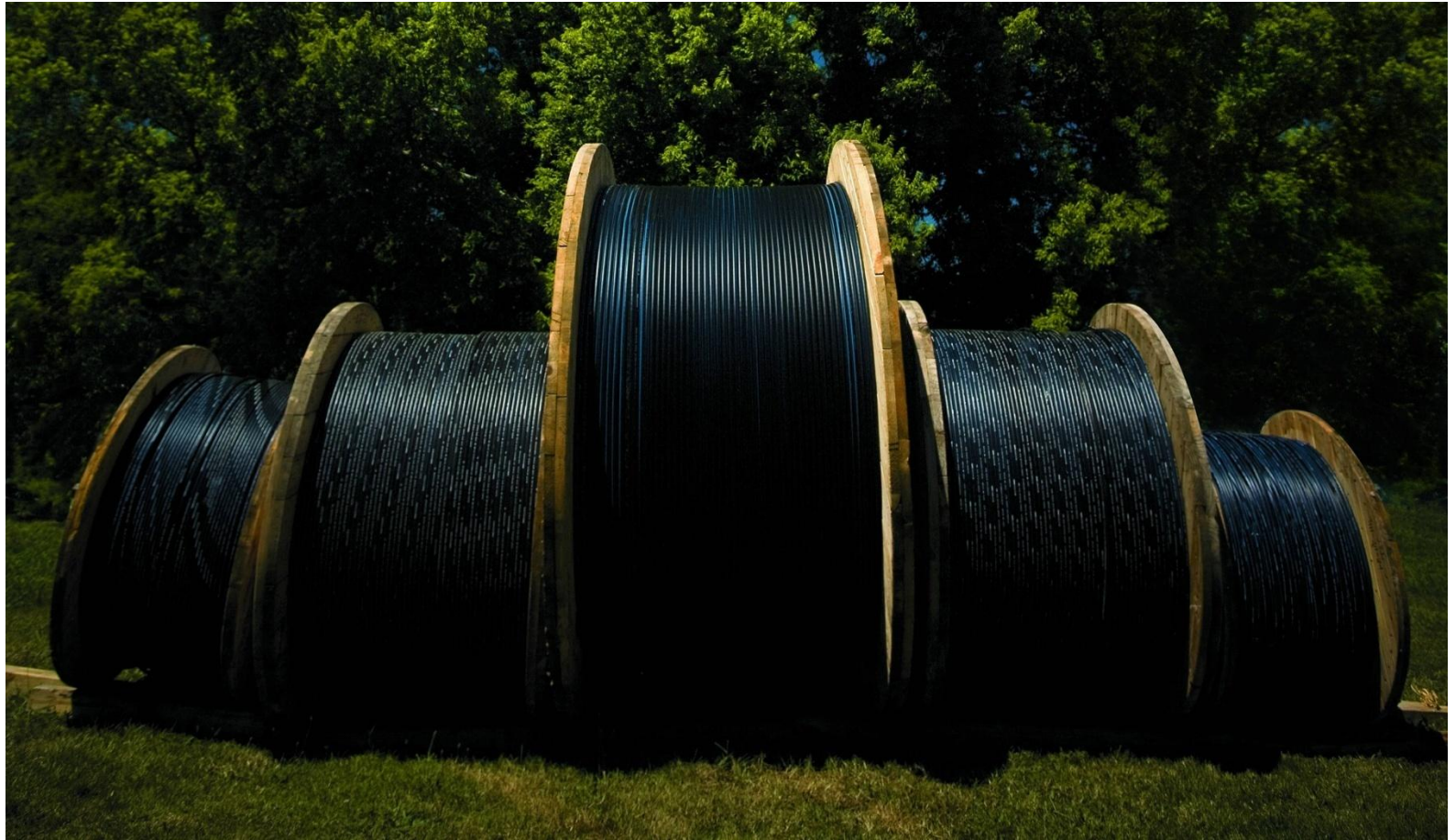
1981

“640K ought to be enough for anyone.”

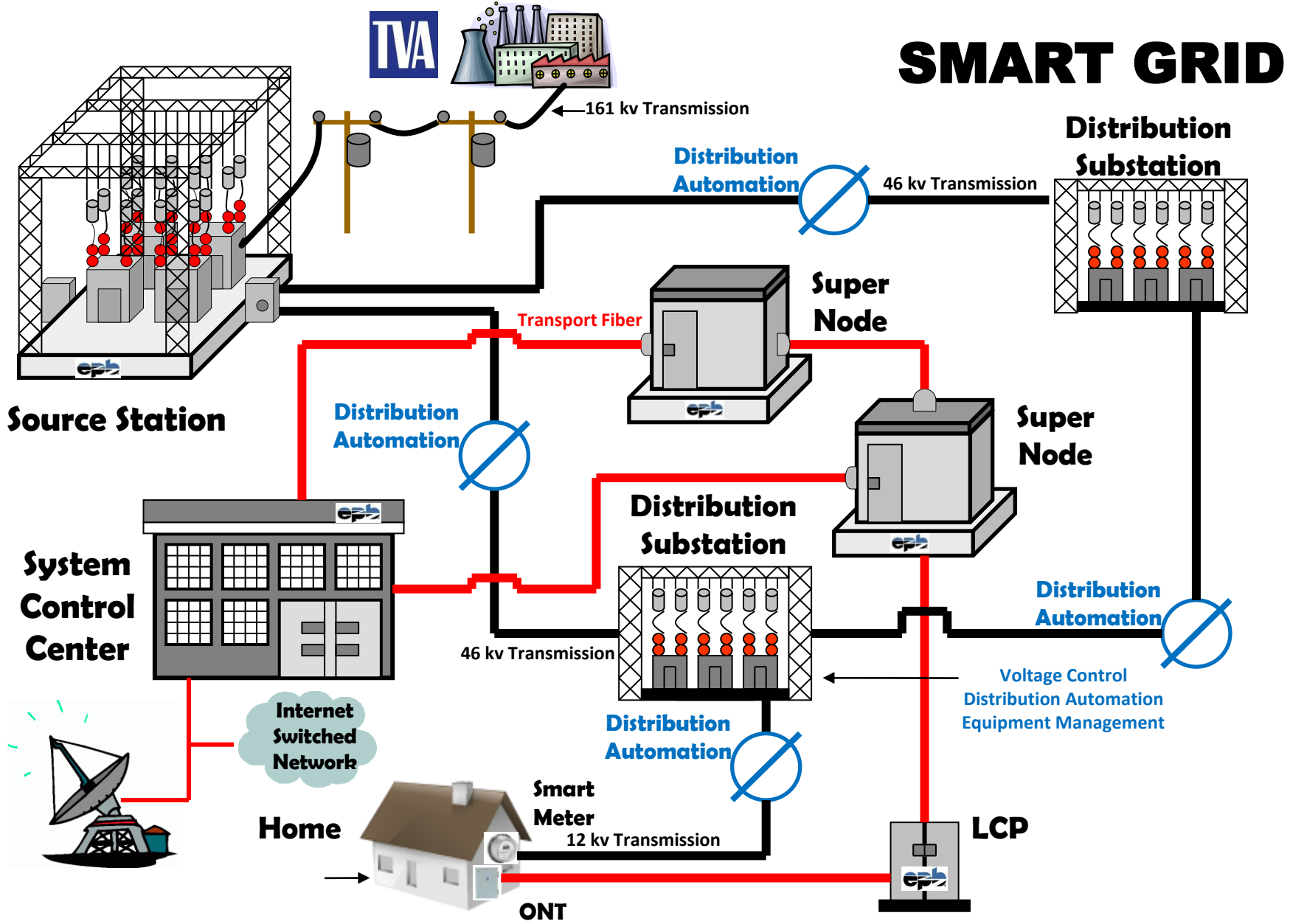
Bill Gates

Name this country . . .

- Richest in the World
- Largest Military
- Center of world business and finance
- Strongest education system
- World center of innovation and invention
- Currency the world standard of value
- Highest standard of living



SMART GRID



EPB Smart Grid

**Improve
Customer
Communication**

**Reduce Costs /
Improve
Operations**

**Improve
Reliability and
Power Quality**

Smart Meters

In-Home Electronics

Asset Management

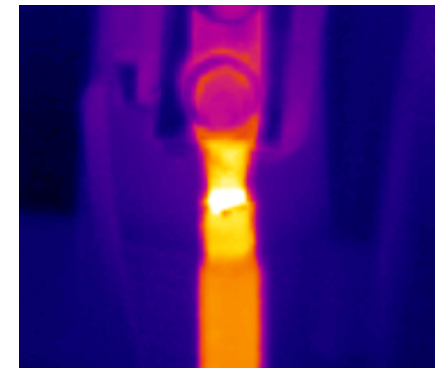
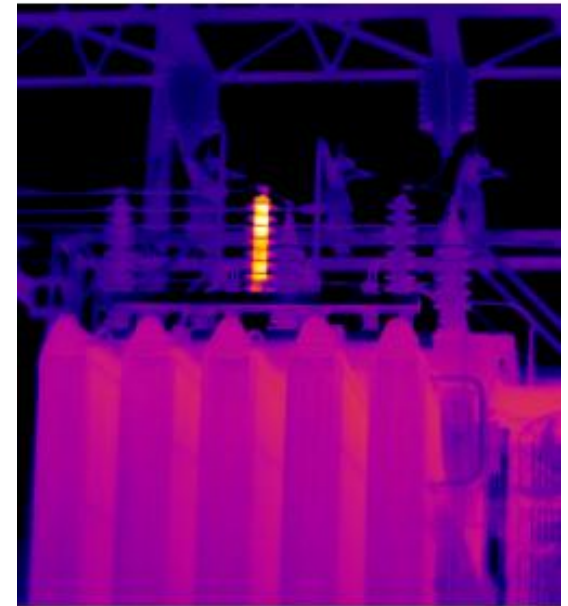
Web Interface

**Power Cost
Management**

**Distribution
Automation**

Security and Safety

Smart Grid Applications

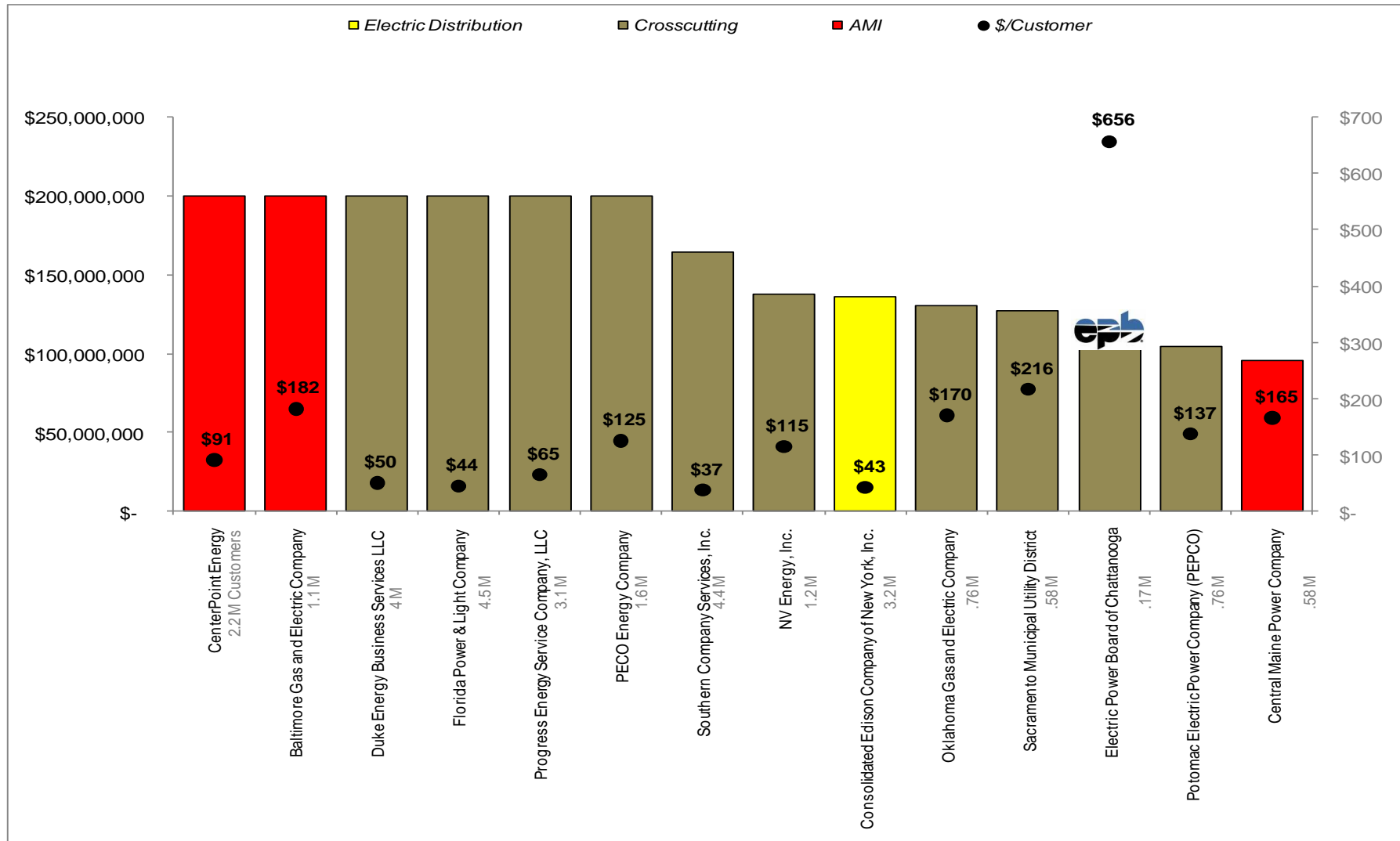




Smart Grid Grant

\$111,567,606 for EPB Electric
Power Customers

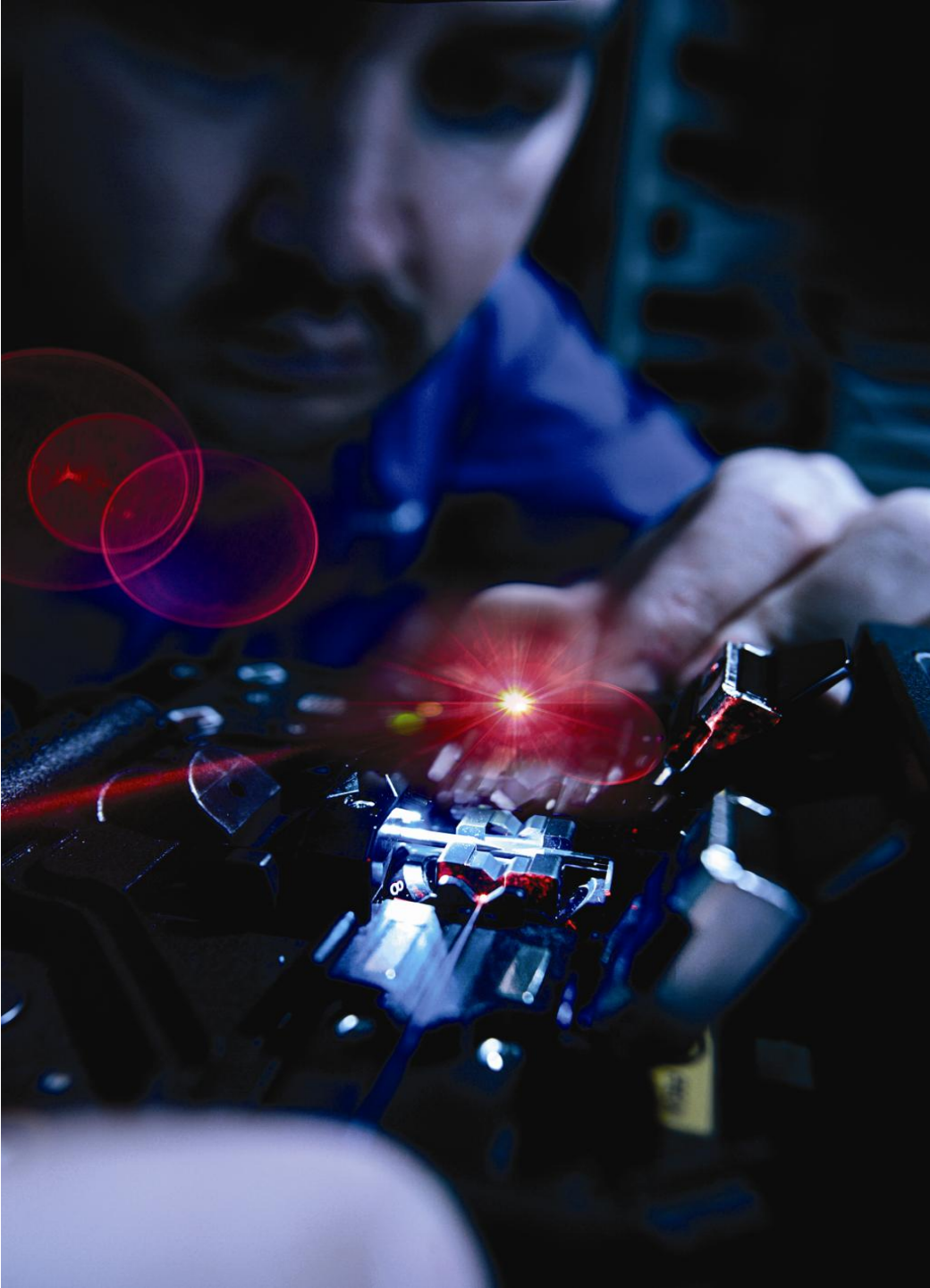
ARRA SGIG AWARDS \$ PER TOTAL CUSTOMERS IN SERVICE TERRITORY



Grant Projects

| | |
|---------------------------|--------------|
| • Fiber Build | \$34,440,000 |
| • Network Electronics | \$31,600,000 |
| • Distribution Automation | \$26,360,000 |
| • SCADA Upgrade | \$2,500,000 |
| • Smart Meters | \$12,730,000 |
| • Meter Data Mgmt System | \$1,080,000 |
| • In-Home Electronics | \$750,000 |
| • Web Interface | \$190,000 |

Partners Committing Additional \$4 million





Customers Selecting...EPB Fiber Optics



City of Chattanooga



THE UNIVERSITY of TENNESSEE 
CHATTANOOGA



BlueCross BlueShield
of Tennessee



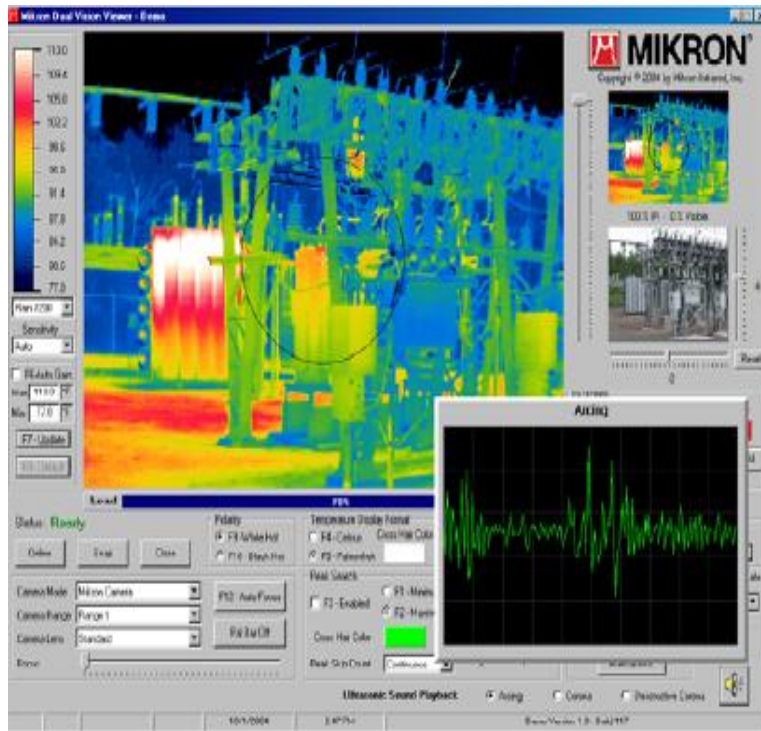
Value to Electric Customers



\$300 M electric system value over 10 years

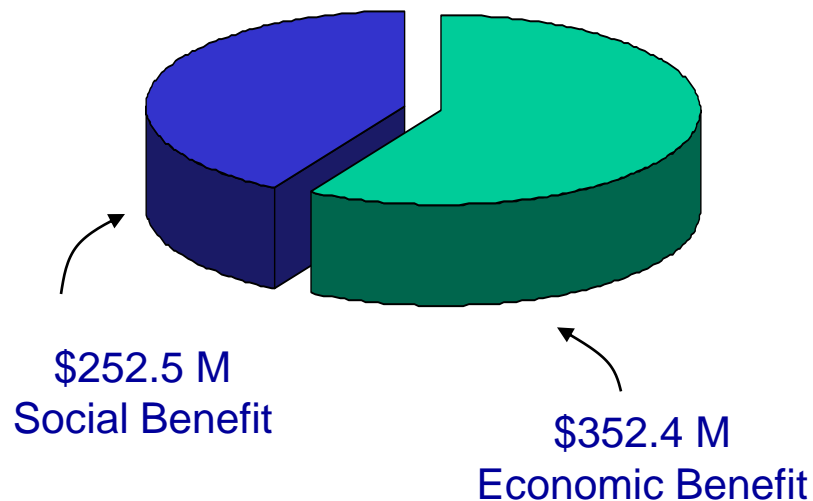
- Power Quality & Reliability
 - Reduction in theft
- Operational and Capital Savings
 - Customer Benefit
- EPRI Validated of EPB Study states:

“EPB is to be commended for making a key strategic decision for implementation and use of a fiber optic network. It is difficult to imagine any competing move offering such significant potential for expanding customer services.”



Economic Development & Quality of Life

Benefits of Fiber-to-the-Home Deployment in Hamilton County



IMPLAN Model Forecast 10 Year Value:

\$604.9 M PV Return @ 10%

2,638 New Jobs Forecast

"Second generation broadband must come to communities like Hamilton County if the U.S. is to remain competitive globally. Communities would do well to give serious thought to adapting this technology sooner rather than later."

Source: [The Impact of Broadband in Hamilton County, TN](#), March 2006
Bento Lobo Ph.D., Andy Novobliski Ph.D. and Soumen Ghosh Ph.D.
University of Tennessee Chattanooga, Tennessee State University.

Attract New Business

Top 10 Site Selection Factors 2005

| | |
|---|------|
| 1. Availability of Telecommunications Service | 96 |
| 2. State & Local Incentives | 95.9 |
| 3. Highway Accessibility | 94 |
| 4. Labor Cost | 93.8 |
| 4. Proximity to Major Markets | 93.8 |
| 4. Availability of High Speed Internet | 93.8 |
| 5. Availability of Skilled Workforce | 89.6 |
| 6. Availability of Land | 89.1 |
| 7. Tax Exemptions | 86 |
| 8. Corporate Tax Rate | 85.7 |
| 9. Occupancy or Construction Cost | 84.3 |
| 10. Energy Availability and Cost | 83.7 |

Study: Understanding the Benefits of Municipal Broadband in Tennessee
MIT Professor William Lehr Ph.D.
and Sharon Gillett, Feb 2006.

Broadband networks will create 1.2 M
new jobs in the United States.

Benefits of broadband in Tennessee
Suggest \$10 billion in additional GDP
and 20,000 new jobs.

Source: APPA Economic Development Conference July 2006
Halcyon Business Publications, Inc.

Regulatory Landscape

Local Franchise Authority

- Rates for Basic Tier
- Handles customer complaints
- Public Right of Ways

FCC

- Franchise standards
- Signal carriage
- Program nonduplication/exclusivity
- Nonbroadcast or cablecasting services
- Cross-ownership
- Equal employment opportunity
- Technical standards.





[Sign In to MyFi](#)[What is the Fi Life?](#)[Fi-Speed Internet](#)[Fi TV](#)[Fi Phone](#)[You Pick](#)

You're on the **ONLY** 100% fiber optic network

Fi-Speed Internet™ **FiTV**™ **FiPhone**™

[Check Availability](#)[About Fi-Speed](#)[Fi-Speed Comparison](#)[Plans & Features](#)[Installation & Support](#)

Fi-nally, the future is here



The future of communications, entertainment and connectivity is here at last. Only EPB offers the area's only 100% fiber optic network that connects your home directly to the widest range of entertainment, the richest sources of information, and new ways to stay in touch.

[LEARN MORE](#)

Check Availability

EPB Fiber Optics services are available in many areas now, and we're building to the rest of our service area as fast as we can! To find out if EPB Fiber Optics services are available in your area today, fill out the form below:

House Number *

Apt/Suite

Street Name *

ZIP Code *

[GO](#)

* Required Field

Get the Fi Bundle that fits you



With the Tri-Fi bundle, your family gets the best of everything EPB Fiber Optics has to offer in flexible, customizable packages to fit your lifestyle.

YOU PICK
A FI BUNDLE
THAT FITS YOU

[CUSTOMIZE
YOUR BUNDLE](#)